

Gov. Mark Sanford's TAXPAYER EMPOWERMENT AMENDMENT

This year, the state of South Carolina will spend \$580 per second. During the time it takes to brush your teeth, government will have spent almost \$250,000. During your lunch break, government will spend over \$2 million more.

What are the Benefits?

If we had passed the Taxpayer Empowerment Amendment 20 years ago:

- **\$6.6 billion** could have been sent back to the taxpayers of this state, spurring more rapid growth in the economy.
- The state could have avoided borrowing any of the \$500 million diverted from trust and reserve funds over the past few years.
- The state wouldn't have racked up a \$155 million unconstitutional deficit.
- The state wouldn't have experienced any of the recent mid-year budget cuts.

Why Population + Inflation?

The idea of limiting government growth to population plus inflation is rooted in the belief that government shouldn't grow faster than people's ability to pay for it.

Population plus inflation forces budget writers to prioritize funding while still being able to fund core government functions.

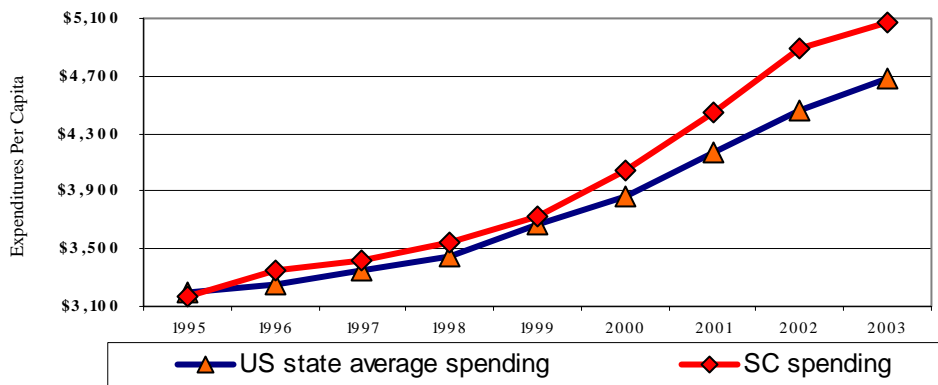
If state spending were capped each year at population plus inflation, we could fully fund the Base Student Cost and meet the needs of law enforcement and healthcare while still having an annual average of \$114 million for other government spending.

Why we need it:

Better allocating resources to the private sector is key to South Carolina's ability to compete with other states in the 21st Century. To do this, we need to limit the growth of government and return more money to the taxpayers of this state. Doing this will mean better value for each tax dollar and more importantly will mean that we're growing the economy, not government.

South Carolinians are paying more for state government than taxpayers in other states.

- South Carolinians pay more than 19 % of their personal income to government versus a national average of less than 15 %.
- In the most recent budget, for every new dollar earned by the average South Carolinian, government spent an additional \$2.39.
- South Carolinians sent over \$700 million more in tax money to Columbia this year, but because of increased spending less than ½ of 1% went to tax relief and only a small portion went toward the repayment of nearly \$500 million borrowed from trust and reserve funds.
- Growth in South Carolina's per capita spending for state government is growing faster than the rest of the nation.



Our Proposal:

- Each year, all new tax dollars sent to the state in excess of population plus inflation are put into a newly-created reserve fund - the South Carolina Taxpayer Relief Fund.
- This money would stay in this special account until the end of the state's budget year. Then, money from the South Carolina Taxpayer Relief Fund would be returned to the taxpayers the following tax year.
- As a safety measure, the refund is only made if enough money is coming in to fund core services. If revenue is falling behind, then the Taxpayer Relief Account would be used to fund core services before the state's other rainy day funds.
- On the November 2006 ballot, we want to ask the voters of South Carolina to decide the merits of a population plus inflation spending limit. Also, we want to ask voters every other year on the ballot if they are happy with the spending limit and the government services they are getting in return. If voters decide to spend more, then they can - but this process will give them more control over their own tax dollars.
- Voters at local levels of government-city and county-would also have the choice of keeping or removing the limit every other year on the ballot.